VERMONT DEPARTMENT OF PUBLIC SERVICE
MEDIA RELEASE

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DPS recommends conditional approval of Northwest Reliability Project

Montpelier, VT— The Vermont Department of Public Service today filed testimony with the Public Service Board urging approval of most components of the Northwest Reliability Project (NRP) proposed by VELCO to upgrade portions of Vermont's electric transmission system. The Department's testimony concludes that, based on information available to date, the project is the most economical means to ensure the reliability of the state's electrical grid, but requires a number of conditions and modifications to improve the design and address aesthetic impacts in certain areas.

"Our first priority in evaluating the NRP was to be assured of reliability for Vermont's electric grid. We concluded after extensive analysis that the NRP is the most economical way of gaining that assurance," said David O'Brien, DPS Commissioner. "Although DPS concluded the NRP is the best solution, our in-depth review of the project led to numerous recommendations to address design weaknesses and concerns about aesthetics and noise. Our experts used the public's input to make recommendations that will improve the end result," O'Brien said.

The Vermont Electric Power Company, or VELCO, owns and operates Vermont's transmission grid, the high-capacity system for delivering power to individual utilities for distribution. VELCO applied to the Public Service Board for a Certificate of Public Good for the NRP, contending that the northwest part of the state would soon outgrow the capacity of the existing transmission system.

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The project includes a new, high-capacity transmission line between West Rutland and New Haven; upgrade of existing transmission lines between New Haven and South Burlington; upgrade of 12 VELCO and Green Mountain Power substations; and changes to a transmission line between Williamstown and Barre. The New England power pool has approved the project as a "pool transmission facility," which means that most of the costs would spread across the entire New England pool. In contrast, new generation and energy efficiency alternatives would be paid for by Vermont ratepayers only.

The Department's witnesses disagreed with VELCO's projections of the severity of reliability problems with the NRP, but agreed system reliability does dictate the need for the project. They concluded that the NRP option is the least-cost way of meeting the need, offers the lowest rate impact on Vermonters, provides the greatest reliability and economic benefit, and is more practical than the alternatives. DPS concluded that other alternatives are unlikely to meet the need. Increased in-state generation would be difficult to site and permit, and demand-side management would entail significant risk that peak savings and reliability would fall short of need.

Project review included Health Department analysis of risks posed by electric and magnetic fields (EMF). The analysis suggests that EMF issues do not warrant changes to the project design or denial of Board approval. Department witnesses testified that:

- The Board should approve with conditions all project components except for the Granite substation, which should not be approved as proposed. The Board should require VELCO to improve the design.
- VELCO should be required to take additional steps to address aesthetic impacts in certain areas of the state.
- Prior to substation construction, VELCO should be required to fully investigate and plan for mitigating noise impacts.

Other parties in the case also file testimony today. The Board has set a schedule for discovery on today's testimony, which will provide DPS the opportunity to consider new information being filed by other parties. The Board has stated that hearings will occur in mid-February, 2004. A further phase of testimony and hearings is likely to occur in the spring.